
TAKE THE MONEY AND RUN A True Scalping System.

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Ok let's get started, I will try to make this as short and simple as possible; nobody likes hundreds of pages of dribble and stories.

PLEASE DO NOT TRADE THIS LIVE BEFORE YOU HAVE DEMO TRADED IT FOR AT LEAST 3 WEEKS PROFITABLY!

We are simply trying to take 5-10 pips out of the market every day, now this may not seem like much but once you are in a position to trade \$20 a pip (which doesn't take long) then you are making \$4000 a month for about 2 hours' work a day! So when you get to \$100 a pip you will be earning more than most people do in a full time job!

The markets move 100's of pips every day, it really isn't that hard to take out just 10 pips every day. Here are a few important rules that you must follow if you want to do this full time.

1. Take your time, no need to rush the markets will be here longer than you! Rushing will only make you frustrated and want to quit with the other 95% of traders who lose money in the markets.

2. DEMO trading is your friend don't be afraid to use your demo account for months until you feel ready to start trading live.

3. Once you do start trading live please start with a small amount of money and trade for a further month, if you are profitable then you can consider pumping up the account.

4. Don't get greedy, shoot for 10 pips a day and then stop and go and do something else. Sometimes you might feel that the day is not going well so you can settle for 5 pips or even 1 is better than nothing.

The System

The most important part of this system is having small spread (spread is the amount of pips the broker charges you to make a trade) I have found a broker with amazingly small spreads which makes this system even easier to use. I only trade the EUR/USD with this system, I'm not saying that it does not work on any other pairs but I only need to trade one pair.

So the first thing you need to do is open a demo account at oanda they offer spreads of 1.5 pips on the EUR/USD.

Go to <http://fxgame.oanda.com/> and click on Open FX Game account. Fill in the information required to open a demo account, it has no expiration date so you can use it for as long as you need.

Another reason why I use this broker is because you can preset the stop loss which makes your trading faster.

Select a EUR/USD 1M chart with OHLC for the bars; it should look like the following chart.

The first indicator we are going to use is the Bollinger Bands, once you are in your Oanda demo account click on add study and select Bollinger Bands with the parameters 21 and 2. You will notice that this act as support and resistance as price penetrates the Bollinger Bands it normally retraces at least back to the Centre line and more often than not it will get to the opposite Band.

Using Bollinger Bands on their own is far from profitable, we also need to know when the price is oversold at the same time as it is outside the Bollinger Bands.

The Second indicator we will be using is the RSI or Relative Strength Indicator. Click on add study and select RSI and set it to 14.

You are now set up perfectly for scalping the EUR/USD lets go over the rules of this system and look at some examples of the system in action.

IMPORTANT:

You must only trade this system between 2am to 5am EST, 8am to 12am EST and 7.30pm to 10pm EST. Oanda has spreads that change depending on the volatility of the market so around important news releases or on Sundays the spread can go as high as 10 pips. Make sure you check the spread before you start trading to ensure that you have 1.5 pips.

Before you start your trading day you must check a economic calendar to be sure there are no major news releases to do this simply go to <http://www.forexfactory.com/index.php?page=calendar>

Look at the current day and make sure there are no major news releases around the time you are trading. The colors alongside each report gives you an idea of what impact it will have on the markets, you only need to worry about the orange and red reports as the yellow ones will hardly move the markets. We are only looking at reports for the EUR or the USD.

Do not scalp 30 minutes before an orange or red news report and not for an hour afterward.

What we are looking for between these times is for price to move above the upper or lower Bollinger Bands and RSI raise above the 70 line or below the 30 line at the same time. Let's look at a chart.

As you can see price stalled at the Centre line, I only got 3 pips on this trade however I hardly ever go for more that 4-5 pips per trade but please remember there are trade setups all the time. Let's have a look at another trade

This trade I actually exited at the Centre line for a small profit but had I waited I would have got twice as much, still a profit is better than a loss.

The first trade here hit my stop but the second trade was a good 7 pips so overall I was in positive. I just wanted to show you that this system will produce some losses but it is very rare that the second entry is a loss too.

Above is a 2 hour session that yielded about 20+ pips overall, I however only took 10 pips and then stopped trading.

Money Management

Finding entries and exits is only half the battle you MUST manage your money well in order to be profitable overall. I never use more than %3-5 of my account on any one trade so if I have \$10,000 in my account I am willing to risk %5 which \$500 so for a stop of 5 pips we can trade 1 standard lot or \$10 a pip.

Then once I have made 10 pips for the day I stop trading. Oanda will let you use micro lots so each pip is 0.10c, don't worry if you don't have \$10,000 to fund your account yet, you can start with as little as \$500 and build your account over time! I use a 5 pip stop on all my trades, the reason for this is that it makes my win/loss ratio about 1:1 and I feel uncomfortable if my loss goes above 5 pips due to the amount of money I am trading.

RULES

Let's go over the rules once more to be sure you understand everything.

First and most important you must check the time you are trading, it must be between 2am to 5am EST, 8am to 12am EST and 7.30pm to 10pm EST.

Then you must check that there are no major news releases due out for the USD or EUR during the time you are planning to trade.

Do not scalp 30 minutes before an orange or red news report and not for a hour afterward.

A buy signal is triggered when price goes outside the lower Bollinger Band and RSI goes below 30.

A sell signal is triggered when price goes outside the higher Bollinger Band and RSI is above 70.

Every trade has a 5 pip stop and I normally aim for the center line of the Bollinger bands or 3-4 pips in profit.

You will have to be very quick when trading this system, if you stop to think for several minutes your profit may have disappeared. What I tend to do

is click on the position that is open and then a small box will appear like the one below.

Keep this open on your screen and as soon as you want to close the position with a profit then click submit on the box, this will be instant and far quicker.

If you have a bad day (and it happens from time to time) then just switch off your PC and stop trading, DO NOT try to win back your losses, you must think about this as a business not a game. Businesses have losses or expenses you must accept this as part of this business.

ADVANCED RULES

The following rules are for when you have a good understanding of the system, these rules help me pull more pips out of the market and bring the system from around 80% win ratio to a 90%.

If you see the market is in a strong trend down do not enter a buy position until price has penetrated the Centre line of the Bollinger Bands up to ensure the trend is over.

The same rule applies for a strong up trend; do not enter a sell position until price has penetrated the Centre Bollinger Band.

This does not happen very often if you are trading during the times I have set out. Below is an example of a strong down trend.

After using this system you will soon get a feel for the market and this will improve your overall profitability even more.

Ok well I have covered everything you need to know about my scalping system in the minimum amount of pages possible.

Please give yourself a little time to get used to the system; you cannot expect yourself to become millionaire over night! Trading is a skill that can reward you with financial freedom but you have to master it first!

Make sure you practice on a Demo account before going live! Good luck to you in the future